



# FINAL REPORT

## Administrative Costs in Higher Education Study Committee

January 2014

### MEMBERS:

Senator Rita Hart, Co-chairperson  
Senator Daryl Beall  
Senator Nancy J. Boettger  
Senator Robert E. Dvorsky  
Senator Amy Sinclair

Representative Greg Forristall, Co-chairperson  
Representative Joshua Byrnes  
Representative Ron Jorgensen  
Representative Patti Ruff  
Representative Beth Wessel-Kroeschell

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### AUTHORIZATION AND APPOINTMENT

The Legislative Council created the Administrative Costs in Higher Education Study Committee for the 2013 Legislative Interim, and granted it one meeting date in which to examine administrative costs at higher education institutions and the impact of these costs on Iowa students and their families; compare the growth in administrative costs and instructional costs at Board of Regents institutions, community colleges, private colleges, and for-profit colleges; identify fragmentation, overlap, or duplication of administrative services on a campus-wide and system-wide basis, and look for ways to reduce the financial impact on students and their families; and examine the manner in which fee rates charged to students are established.



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### **I. Committee Proceedings**

The Administrative Costs in Higher Education Study Committee met on Tuesday, November 5, 2013. The committee did not make recommendations.

### **II. Department of Education — Iowa Community Colleges**

The committee received presentations from Mr. Kent Farver, Chief, Bureau of Community College Education, Iowa Department of Education (DE); Dr. Mick Starcevich, President, Kirkwood Community College; and Dr. Daniel Kinney, President, Iowa Central Community College.

Mr. Farver noted that Iowa's 15 community colleges have open-door policies with nearly everyone who applies for admission being accepted. The DE is responsible for collecting and reporting on financial information from the community colleges, and maintains a community college accounting manual that defines how the financial information should be recorded and specifies how it should be reported to the DE. Each community college is audited on an annual basis by an external auditor. The DE compiles and publishes information about the community college system in its Annual Condition of Iowa's Community Colleges Report each January. Mr. Farver distributed a handout prepared for the committee titled "Iowa Community College Data," and described the information contained in the handout.

Dr. Kinney noted that staffing is directly related to the budget. The community college added staff when enrollment increased, and it is now reducing staff because of declining enrollment. Mr. Farver noted that five or six community colleges have had to adjust their budgets recently due to declining enrollments. Dr. Starcevich observed that when first created, the community college system was supported in the following manner: 50 percent from state funding, 25 percent from local property tax, and 25 percent from tuition. Mr. Farver noted that in the 2001-2002 fiscal year the percentages started flipping, with tuition and fees outstripping state aid. He observed community colleges have a difficult time budgeting when they are so reliant on hard-to-predict student enrollment figures. Though the funding stream percentages differ now by community college, Dr. Starcevich noted that Kirkwood receives 64 percent of its funding from tuition and fees, 28 percent from state aid, 3 percent from local property tax, and the remainder from grants. Dr. Kinney noted that Iowa Central Community College receives 66 percent of its support from tuition and fees.

Discussion also focused on regional centers operated by Kirkwood Community College, student debt, nontraditional students including those who are military veterans, technology as a measure to reduce student costs for textbooks, dual enrollment, postsecondary enrollment options and the need to increase the amount of tuition reimbursement from school districts mandated in Iowa Code §261E.7(1), the need to control tuition increases, fund-raising and entrepreneurial efforts, utility efficiencies and savings, athletics, central purchasing, health insurance purchased through DE, the evolution of the community college system's mission and services, articulation efforts between community colleges and regents universities that differ by community college, reverse transfer programs that allow students to transfer university credits back to the community college so that the student may receive an associate degree, remediation needs and efforts and communication



with the K-12 system, tutoring efforts, student “graduation rates” and varying definitions of the term, orientation efforts, the need for better student counseling and communication at K-16 levels, supplementary weighting for district-to-community college sharing and concurrent enrollment programs offered and taken during the summer, the potential for area education agencies to act as liaisons between the community colleges and four-year postsecondary institutions, mental health services for students, reducing costs and increasing affordability for students, adjunct and full-time faculty staffing levels, and holding administrator salaries to less than exorbitant levels.

The presenters were asked to submit to the committee ideas for ways legislation or legislators could assist community colleges in accomplishing their missions and increasing their affordability. Both Dr. Starcevich and Dr. Kinney recommended increasing state general aid to the community colleges. Dr. Starcevich also recommended increasing the property tax levy by an additional five cents per \$1,000 of assessed value.

### **III. Iowa Association of Independent Colleges and Universities**

Mr. Gary Steinke, President of the Iowa Association of Independent Colleges and Universities, described the association as a voluntary organization that does not, as a rule, collect data from its member colleges and universities. He stated that the association made an effort to access member institution data from the National Center for Education Statistics’ Integrated Postsecondary Education Data System (IPEDS), but such efforts were stalled when the IPEDS Internet site was closed by the federal government shutdown in October 2013.

Mr. Kent Henning, President of Grand View University, described outsourcing measures taken by the university to reduce costs, described the two fees assessed by the college (\$175 for a student activity fee and \$250 for a technology fee), and discussed the number of full-time and adjunct faculty, the number of administrators and other employees, the number of credits taught by full-time and adjunct faculty, the net price to attend minus the scholarships and grants received by students compared to the net price at the regents universities, the affordability index and increasing levels of financial aid budgeted by the university, accreditation costs, and other cost-saving measures implemented by his administration.

Dr. Mark Putnam, President of Central College, discussed Central’s business-like atmosphere; the number of students and faculty; the high cost to attend the college, including room and board, balanced against the scholarships and grants provided to students; the benefits and annual limitations of the college’s endowment; entrepreneurial activities undertaken to raise funds; health plan costs; utilization of a managed service to cut printing costs; the beneficial partnership between the college and the state created by the Iowa Tuition Grant Program; and the infrastructure costs that must be covered by fund-raising efforts.

Discussion focused on the use of the Iowa Tuition Grant Program by the institutions to reduce the net cost to students and to help with fund-raising efforts, the millions of dollars the association’s member institutions provide to students, the number of in-state and out-of-state students and the number of those students who remain in the state and specifically in Des Moines after graduation; partnerships between the association, regents universities, private colleges, and community colleges for courses that the institutions may share; articulation agreements with other private and



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public state postsecondary institutions; student debt counseling and financial literacy efforts aimed to prepare students and their families; remediation and developmental coursework; the link between socioeconomic status and academic preparedness; the value of an education and the unaffordability of majors that do not involve science, technology, engineering, and mathematics (STEM); the amount of acceptable debt; and regulatory costs and their impact on administrative costs.

### IV. For-Profit Postsecondary Institutions

Presenters representing for-profit colleges whose students are eligible to receive Iowa tuition grants included Mr. Doug Struyk of the Carney & Appleby law firm, who represented Ashford University, a Bridgepoint Education, Inc. institution; Ms. Susan Spivey, Campus President of the Cedar Falls Campus of Kaplan University, a subsidiary of The Washington Post Company; and Dr. Bob Alsop, President of Waldorf College, owned by Columbia Southern Education Group, Inc.

Mr. Struyk provided a list of all mandatory fees charged to students by Ashford University; the number of executive, administrative, and managerial employees; the ratio of those employees to all employees; the percentage of full-time employees responsible for instruction, research, and public service; the annual spending on activities, other than direct instruction, as a percentage of total spending; and the annual spending on auxiliary enterprises, plant operation and maintenance, and scholarships and fellowships as a percentage of total spending. He noted that the university's growth reflects its investment in Iowa. He noted that the institution in summer 2013 earned regional accreditation from the Western Association of Schools and Colleges. He said he would provide the committee with retention and graduation rates.

Ms. Spivey provided members with a history of Kaplan University and noted that it is regionally accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, but also has received programmatic accreditation for a number of its business programs. She described risk factors affecting the university's nontraditional students, who make up the bulk of the enrollment; the number of graduates who remain in the state; the number of graduates who find jobs in their field of study; the average class size; student services such as employment and academic advisors; the Kaplan Commitment—the three weeks in which a student may withdraw from the program for any reason without penalty; tuition and fees; scholarship matches up to \$20,000; the number of students receiving Iowa tuition grants; a transfer credit policy; challenge exams; and activities not offered by the university, which include research or service activities, athletics, and auxiliary enterprises such as housing, dining, and college sports. She also provided a list of undergraduate and graduate programs and the tuition and fees charged for those programs.

Dr. Alsop gave a brief description of Waldorf College's history, and provided a list of comprehensive fees; information relating to mandatory student health insurance; the number of executive, administrative, and managerial employees and the ratio of those employees to all employees; the supervisor-to-staff ratio; the percentage of staff FTEs for instruction, research, or service activities; the annual spending on activities other than direct instruction as a percentage of total spending; the annual spending on auxiliary enterprises, plant, and scholarships as a



percentage of total spending; the amount of borrowing for construction; and the cost of servicing debt.

### **V. Regents Institutions**

Committee members received presentations relating to the regents universities from Ms. Patrice M. Sayre, Chief Business Officer for the Iowa Board of Regents; Dr. Barry Butler, Executive Vice President and Provost for the University of Iowa (UI); Mr. Michael Hager, Vice President of Administration and Financial Services for the University of Northern Iowa (UNI); and Mr. Warren Madden, Senior Vice President for Business and Finance at Iowa State University (ISU).

Ms. Sayre stated that the State Board of Regents is in the process of conducting a 12- to 18-month comprehensive review of the regents universities. She provided the committee information on the background of mandatory fees, recent history of fees, and mandatory fee proposals for 2013-2014; employee counts; a span of control report and policy; faculty responsibilities, levels of staffing, and student evaluations of faculty; the education and students affairs committees; annual spending on activities, auxiliary enterprises, plant operation and maintenance, and scholarships and fellowships; and annual debt service. Dr. Butler provided an overview of UI's efforts to manage growth in teaching, research, and service and focused on integration and collaboration efforts that have resulted in cost savings and improvements. Mr. Madden provided an overview of ISU—its enrollment, employees, mission, and continuous process improvement resulting in administrative, facility, and academic efficiencies and cost savings. Mr. Hager provided recent highlights from UNI's record of distinction, and overviews of its organizational efficiencies, business practices and management, and efficiencies in retaining and graduating students.

Discussion focused on student expectations which have resulted in higher fees for student recreation and wellness facilities (fees the students voted to impose); efficiency efforts; student debt factors; incentives to encourage greater effort by students to graduate on time, including the Summer Hawk Tuition Grant Program at UI; and financial literacy efforts at ISU and UNI.

### **VI. Materials Filed With the Legislative Services Agency**

The following materials were distributed in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Committee Documents" link on the committee's Internet site:

<https://www.legis.iowa.gov/committees/committee?qa=85&session=2&groupID=19056>

1. Background Statement with Attachments by Ms. Kathy Hanlon, Legal Services, LSA
2. Comparisons of FTE Staffing Levels for Iowa's Public Universities and Community Colleges by Ms. Robin Madison, Fiscal Services, LSA
3. Final Agenda
4. November 5, 2013, Committee Meeting Briefing, LSA Legal Services Division



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5. November 5, 2013, Meeting Minutes
6. Prepared Remarks by Mr. Kent Farver, Bureau Chief, Iowa Department of Education
7. Community College Revenue – Three-Legged Stool Graph, prepared and submitted by Ms. Robin Madison, Senior Legislative Analyst, Fiscal Division, LSA
8. Letter to the Study Committee Co-chairpersons from Dr. Richard Pattenaupe, President, Ashford University
9. Testimony of Ms. Susan Spivey, Campus President, Cedar Falls Campus, Kaplan University
10. Responses to Study Committee Queries, distributed by Dr. Bob Alsop, President, Waldorf College
11. Regent Institutional Efficiency Efforts, a document offered by Ms. Patrice M. Sayre, Chief Business Officer, Iowa Board of Regents
12. Remarks for Administrative Costs in Higher Education Legislative Study Committee by Ms. Sayre, Chief Business Officer, Iowa Board of Regents
13. Presentation Documents submitted by Ms. Sayre, Chief Business Officer, Iowa Board of Regents
14. University of Iowa PowerPoint Document provided by Dr. Barry Butler, Executive Vice President and Provost, UI
15. Iowa State University PowerPoint Document provided by Mr. Warren Madden, Senior Vice President for Business & Finance, ISU
16. University of Northern Iowa PowerPoint Document provided by Mr. Michael Hager, Vice President of Administration and Financial Services, UNI
17. Administrators per 100 Students at Regents Universities, e-mailed to Committee Members by Ms. Robin Madison, Fiscal Services, LSA
18. Responses to Study Committee Queries Regarding Ashford University, submitted by Mr. Doug Struyk

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